

2009 REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL PROCEDURES

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14 - Administrative and management bodies

14.1 Name, business address and offices of the corporate officers

14.1.1 Members of the Board of Directors

The Board of Directors during the 2008 fiscal year was made up of the following members:

- Jean-Claude Labrune, & CEO and Founder of Cegedim S.A.
- FCB S.A.S., lead holding company represented by Pierre Marucchi, also CEO of Cegedim S.A.
- GERS, an Economic Interest Grouping (EIG) of pharmaceutical companies operating in France, represented by Philippe Alaterre.
- Alliance Healthcare France, a company held by the pharmaceuticals distributor Alliance Boots represented by Anthony Roberts
- Laurent Labrune, Chairman and CEO of Cegedim SRH, a subsidiary of Cegedim S.A.
- Aude Labrune-Marysse, Chairman and CEO of Rosenwald, a subsidiary of Cegedim S.A.

Jean-Claude Labrune is the father of Aude Labrune-Marysse and Laurent Labrune.

The business address of the Directors is the Company's corporate headquarters.

List of offices occupied during the last five years excluding the subsidiaries of the Cegedim Group

Director	Company	Office	Start	End
Jean-Claude Labrune	Cegedim	Director	04/12/1989	
		CEO	12/20/1989	
		Chairman and CEO	08/18/1994	
	FCB	Chairman of the Board of Director President (SAS)	07/21/1997 24/06/2005	06/24/2005
	JCL	Managing Director	11/30/1994	
Pierre Marucchi	Cegedim	Representative of FCB on the Board of Directors	04/12/1989	
		General Manager	04/23/2002	
	IRIS	Managing Director	1997	
	Laboratoire Biodim	President (SAS)	06/30/2003	06/23/2006



Director	Company	Office	Start	End
Laurent Labrune	Cegedim	Director	04/18/2001	
	Brun	co-Managing Director	03/11/2002	12/29/2006
	FCB	Director and Executive General Manager	11/21/2005	
Aude Labrune-Marysse	Cegedim	Director	04/27/2007	
	Brun	co-Managing Director	03/11/2002	12/29/2006
	FCB	Director and Executive General Manager	11/21/2005	
Philippe Alaterre	Cegedim	Representative of GERS on the Board of Directors	03/20/09	
	GERS	President	12/11/08	
Anthony Roberts	Cegedim	Representative of Alliance Healthcare France on the Board of Directors	12/21/09	
	Pharmology.com	Member of the Board of Directors	July 2000	
	Enigma Health	Member of the Board of Directors	February 2004	December 2004

CEO : Chief Executive Officer

Jean-Claude Labrune and Pierre Marucchi also hold various other positions in Cegedim's French and foreign subsidiaries.

14.1.2 Experience

Jean-Claude Labrune graduated from the Ecole Nationale Supérieure des Arts et Métiers. During his years of experience with IBM as a sales engineer, he became very familiar with the pharmaceutical industry. He was among the promoters of business focus groups bringing together IT directors from pharmaceutical companies like Cedhys. Concerned with providing responses to the problems raised by the profession, he founded Cegedim in 1969.

Pierre Marucchi graduated from the Ecole Nationale Supérieure des Télécommunications, Stanford University (USA) and the Centre d'Etudes Supérieures Bancaires. He was also Member of the Institute of French Actuaries. Pierre Marucchi began his career in 1977 at Crédit Lyonnais where he held various technical and commercial positions. He joined the Cegedim Group in 1984.

Laurent Labrune graduated from the Ecole Nationale Supérieure des Arts et Métiers. He joined Cegedim in 1995, where he was coordinator of IT development for the Group, before taking over as manager of the subsidiary Cegedim SRH. Following Dendrite International's buyout, since May 2007 Laurent Labrune has been CEO of the new entity, Cegedim Dendrite.

Aude Labrune-Marysse has a Master's in Commercial Law and a DESS in International Taxation. She joined Cegedim in 1999 before assuming the direction of Rosenwald, a Cegedim subsidiary and holding the position of Executive General Manager in charge of legal matters for the lead holding company, FCB.

GERS EIG, a grouping of pharmaceutical companies operating in France, is very familiar with the expectations of the industry. It exercises special vigilance concerning the nature and quality of the services supplied by Cegedim, and is a particularly informed source of proposals.

Alliance Healthcare France, a subsidiary of one of the main European pharmaceutical distributors Alliance Boots, also offers Cegedim the advantage of its excellent knowledge of the pharmaceutical market. It contributes to fruitful exchanges of viewpoints concerning the opportunities, challenges and strategies specific to the Cegedim environment.

14.1.3 Declaration

During the last five years and to the Company's knowledge:

- No member of the administrative and management bodies has been convicted of fraud
- No member of the administrative and management bodies has been involved in bankruptcy, placed under sequestration undergone liquidation proceedings
- No indictments and/or official public sanctions have been handed down against these persons by the statutory or regulatory authorities and the designated professional agencies
- No member of the administrative and management bodies has been prevented by a court from acting in his capacity as member of an administrative, management or supervisory body of an issuer or from taking part in the management and conduct of the issuer's business dealings.

14.2 Conflicts of interest in the administrative and management bodies

To the Company's knowledge, there are no conflicts of interest in the administrative and management bodies of Cegedim.

In particular, the Company maintains commercial relationships with certain of its shareholders and their respective groups, especially the GERS EIG and Alliance Healthcare France, each of these holding a position of Director on the Board. The respective contracts with these entities were concluded under market conditions. These contracts represent a revenue that is lower than 1.5% and 0.2% respectively of the annual consolidated revenue of the Company.

Cegers is owned by both Cegedim SA (50%) and the GIE GERS (50%).

26.2.6 Report from the Chairman of the Board of Directors concerning the conditions for preparing and organizing the Board's work, as well as the internal control procedures set up by the Company

(Article L. 225-37 of the Code of Commerce)

■ Introduction

In accordance with the provisions of Article L. 225-37 of the Code of Commerce, as amended by financial security law no. 2003-706 of August 1, 2003, the purpose of this report is to detail:

- conditions for preparing and organizing the work of the Board of Directors;
- any limitations made by the Board of Directors to the powers of the Managing Director and the Deputy Managing Director;
- the internal control procedures established within the Cegedim Group.

This report was prepared on the basis of reports and meetings led by the General Management with all of the bodies involved in the Group's internal control mentioned in the remainder of this document.

■ Corporate governance and operation of the Board of Directors

● Composition of the Board of Directors

We remind you that your Board of Directors consisted of six members as of December 31, 2009, with a commitment to increase to 10 directors in 2010.

On 5 November 2009, the Company adhered to the agreement signed on October 28, 2009, between Mr. Jean-Claude Labrune, FCB and the FSI which was sent to the AMF. This agreement envisages that changes will be made to the corporate governance by a General Meeting called on January 8, 2010. These changes are described under Highlights in this Corporate Management Report.

The list of Directors of Cegedim S.A. including the offices held in other companies is appended to the Corporate Management Report.

● Frequency of meetings

Article 13 of the bylaws of Cegedim S.A. states that the Board of Directors meets as often as the Company's interests dictate.

Thus, during the past fiscal year, your Board of Directors met 5 times.

The schedule of meetings of the Board of Directors was as follows:

- January 13, 2009
- Update on real estate transaction at 114 rue d'Aguesseau in Boulogne
 - Update on allocation of free shares
- April 7, 2009
- Approval of the financial statements for the fiscal year ended December 31, 2008
 - Approval of the consolidated financial statements for the consolidation fiscal year ended December 31, 2008
 - Proposed capital increase in cash
 - Authorization of a capital increase reserved for employees
 - Share buyback program
 - Decisions to be made to prepare for and call the annual General Meeting to approve the financial statements for said fiscal year
 - Approval of the provisional financial statements
 - Guarantee to be given under a commercial contract
 - Miscellaneous business.
- November 5, 2009
- Allocation of free shares under the authorization given by the Extraordinary Shareholders' Meeting of February 22, 2008:
 - ✓ determination of the share allocation beneficiaries for the fiscal year 2009
 - ✓ changes to the share allocation conditions
 - ✓ corresponding modification of the free share allocation plan
 - Increase in capital of the Tunisian subsidiary
 - Approval of the financial statements for the first six months of 2009
 - Examination of the provisional accounts at December 31, 2009
 - Examination and approval, in accordance with Article L. 225-38 of the Code of Commerce, of a draft declaration of consent of the Company to the draft agreement concluded between (i) Mr. Jean-Claude Labrune, (ii) FCB and (iii) the Fonds Stratégique d'Investissement
 - Implementation of the delegation of authority granted to the Board of Directors by the Combined General Meeting of Shareholders on May 27, 2009, with a view to increasing the company capital by issuing new ordinary shares with retention of the shareholders' preferential subscription right, within the maximum limit, for nominal value, of €7 622 400
 - Sub-delegation to the Managing Director and/or deputy Managing Director of authority to:
 - ✓ establish the final terms of the increase in capital and, in particular, the issue price and subscription period
 - ✓ go ahead definitively with the increase in capital
 - ✓ amend the bylaws accordingly
 - Balancing of the amount receivable held by FCB referred to in Article R. 225-134 of the Code of Commerce
 - Decisions to be made to prepare for and call the annual Ordinary General Meeting to approve the appointment of new directors
 - Miscellaneous business.

- November 19, 2009
- Approval of the minutes of the preceding meeting of the Board of Directors
 - Establishment and approval the final terms of the increase in capital in cash by the issue of new shares with retention of the shareholders' preferential subscription right within the maximum limit, in nominal value, of €7 622 400, decided following the delegation of authority made at the meeting of the Board of Directors on November 5, 2009
 - Preparation of the additional report of the Board of Directors to the General Meeting on use of the delegation of authority in accordance with Articles L. 225-129-5 and R. 225-116 of the Code of Commerce
 - Examination and approval in accordance with Article L. 225-38 of the Code of Commerce of signature by the company of an additional agreement entitled "*Third Supplemental Agreement*" to the credit contract dated May 3, 2007
 - Appointment of new directors
 - Preparation and convening of an Ordinary General Meeting.
- December 17, 2009
- Proposed nomination of four new directors including one independent director in accordance with the AFEP-MEDEF Code
 - Finalization of the report of the Board of Directors and draft resolutions to be submitted to the Ordinary General Meeting called for January 8, 2010
 - Miscellaneous business.

- Convening of Directors

The Directors were convened by fax and e-mail in compliance with Article 13 of the bylaws of Cegedim S.A.

In accordance with Article L. 225-238 of the Code of Commerce, the Auditors were convened to the Board of Directors' meetings during which the annual and interim financial statements were examined and approved.

- Information provided to Directors

All documents and information necessary for the Directors to perform their duties were sent to them prior to each meeting of the Board of Directors.

At any time of the year, the Board of Directors may perform the checks and audits it deems advisable. In this respect, each Director may request the documents necessary to perform his duties from the Chairman of the Board of Directors.

- Meeting location

Meetings of the Board of Directors are held at the Company's corporate headquarters.

- Meeting minutes

Minutes of meetings of the Board of Directors are drawn up at the end of each meeting and sent to the Directors.

- Directors' compensation

The compensation paid to Directors is stipulated in the list of Directors of Cegedim S.A. appended to the Corporate Management Report.

- Limitation of the powers of the Chairman & CEO and of the Deputy Managing Director

We inform you that the Board of Directors has not imposed any limitations on the powers of Mr. Jean-Claude Labrune, your Chairman & CEO or on those of Pierre Marucchi, the Deputy Managing Director.

- Internal control procedures and risks management

- Purpose of the internal control procedures within the Cegedim Group

The purpose of internal control is to provide a reasonable assurance that the Company's priorities will be adhered to and that the published figures are reliable. Its effectiveness relies on the conduct of the employees responsible for it, without any systematic guarantee that all these objectives will be met. On the one hand, it ensures that management actions or the performance of operations and also employee conduct are consistent with the framework defined by the applicable laws and regulations as well as the values described in the charter of ethical business practice and the Company's standards and internal rules. On the other hand, it ensures that the accounting and financial information complies with the standards in force.

- Coordination of its activities

Cegedim's growth relies particularly on its ability to anticipate its clients' needs and to satisfy them by combining a large number of "industry" skills.

From the standpoint of internal control, the success of this model requires the harmonization of management actions and employee behavior. It means that these actions and this behavior must be consistent with the directions given to the Group's activities by its corporate bodies, by the laws and regulations in force, and by the Group's internal standards.

- Control and transparency of its accounting and financial information

The internal control procedures govern the development and communication of the Group's accounting and financial information. This information is established in order to guarantee its availability, integrity, conformity, and auditability.

- Support for its growth

The Cegedim Group's international expansion, particularly through external growth, relies on its ability to identify the external growth relays. Here, the measures taken by Cegedim seek to accelerate the incorporation of new activities, control the risks inherent to growth operations, and track their performance.

The acquisition of Dendrite International Inc. in May 2007 enabled Cegedim to double its size in its core business activities. This major step in the Group's development requires at that time the spending of considerable effort to make the integration of the new activities successful. Conscious of what was at stake, in early 2008, the Group's General Management created an "Operational Excellence" unit (Opex) in charge of optimizing the organization and information circuits as well as reinforcing the Group's customer-oriented culture in order to generate savings through synergy, rationalization of procedures and tools, and optimization of team productivity. Chaired by an employee with more than 15 years of experience within the Group, particularly in the role of Director of Human

Resources, then Director of international CRM activities, Opex is able to propose improvements to internal control and financial control, by placing systematic emphasis on the business activity component.

- Security of its information processing operations

Leader in the sector of technologies and services relating to medical information, the Cegedim Group's priority is to provide its clients and partners with complete satisfaction concerning data security. The Cegedim Group applies the data and private life protection law in all of the countries where it operates.

- Acquisition of cutting edge skills

The Cegedim Group considers the training of its teams to be a key factor of success, making it possible to ensure client satisfaction and employee motivation. In 2004, Cegedim was one of the first companies to implement the individual right to training.

The general training policy implemented at Cegedim consists primarily of continuously adapting the skills of its research and development teams and assisting its employees in acquiring new skills necessary for their work.

- Organization of the Management bodies that play a role in internal control

Cegedim's internal control system is characterized by a high level of interaction between the Board of Directors, the General Management and the Activity Divisions thus encouraging the transparency of the strategies, risks and actions implemented in the Group.

Cegedim's General Management has central management and control bodies that include the Financial Division, the Accounting Division, the Management Control Division, the Human Resources Division, the Legal Division, the General Secretariat, the IT Division, the Communication Division, and the Operational Excellence unit.

Consistently since 2006, the Group has desired to strengthen its teams dedicated to controlling and coordinating international operations. Reporting to the General Management, their main duty is to formalize then establish procedures that are common to the Group's subsidiaries, guaranteeing the uniformity of work methods.

The network of financial controllers, by country or region, continues to be reinforced, particularly in 2007 with the consolidation of the Dendrite teams. They are responsible for applying Headquarter policies at local level and ensuring local financial control of operations as part of routine management or during the operational revamping processes decided on by Headquarters.

In their respective fields, the mission of these management and control bodies is to regulate the Group's operation and, at the same time, put their specialized skills to use in carrying out operations.

- Key elements of internal control relating to the preparation of financial and accounting information

In 2009, the Group continued its work to harmonize and optimize its information and internal control procedures in compliance with the financial security law.

- Preparation of the Group's financial statements
 - Centralized accounting of the companies of the Cegedim Group

The Cegedim Accounting Division prepares the statutory financial statements for the subsidiaries in the French sector of the Group and oversees the process for the preparation of the consolidated financial statements. For the newly-acquired companies and foreign subsidiaries, the Accounting Department established a standard reporting procedure so as to produce consolidation documents. At the same time, the Management Control Division reports key financial and operational data on a monthly basis. The two Divisions together routinely check the consistency of their data.

The creation in 2005 of a department dedicated specifically to international consolidation allowed the Company to help make the financial information coming from foreign subsidiaries reliable while at the same time adapting to the new accounting regulations. Furthermore, this centralized consolidation process made it possible to considerably reduce the time necessary to report international information.

- Control and enhancement of financial and accounting information by Management Control

The data supplied by the Accounting Department is systematically reconciled with the work done by the Management Control Department, whether this involves regular analytical monitoring of the activities, budgetary control or inspection reports.

This information forms the basis for the operating reports prepared by Management Control, allowing for regular tracking of key indicators.

- IT tools used to prepare financial and accounting information

Cegedim implements a policy aimed at upgrading its IT tools to ensure optimum availability, integrity, conformity and auditability of its financial and accounting data.

In order to ensure the necessary internal consistency and meet the Group's guidance needs, new tools were implemented in 2008 under the direct responsibility of the Managing Director, assisted by a project manager ensuring the interface with the Accounting Department and the Management Control Department.

- Key elements of the legal and operational control exercised by the parent company over the subsidiaries
 - Control of commitments

The General Secretariat of the Group's Legal Department handles the central supervision of authorizations and delegations and makes sure, when they are created, that they are limited in accordance with the Group's internal rules regarding commitments.

- Control of the Group's legal activity

The Cegedim Group's procedures require that the Legal Department be consulted prior to signing contracts with third parties, depending on their purpose and the declarations and the commitments they contain and, where relevant, the transnational nature of the operations they govern. The Legal Department also centralizes information related to certain key contracts.

- Control of internal security

Two specialized coordinators, both of whom report to the Top Management, implement the internal security policy of the Cegedim Group: the Head of IT Security and the Head of Physical Security both rely on a network of local correspondents.

The internal security policy involves the Department of Human Resources, by raising awareness and obtaining the commitment of all the Group's employees at the time of hiring and then at regular intervals.

Concerning the internal security of the information systems, Cegedim has pooled the IT resources available to its subsidiaries and their clients. The Group has also established a centralized internal security policy for its information system and for those of all its departments and subsidiaries.

The internal security policy for the information system covers, in particular:

- employee security (reducing the risks of human error, theft, fraud or abusive use of infrastructures)
- physical security (controlling access, damage and disruptions relating to the Group's assets)
- IT access security (controlling access to information)
- information security (ensuring an appropriate level of information protection)
- systems administration security (ensuring that the information processing infrastructures operate correctly and reliably)
- the security of IT developments (incorporating security in the developments and ensuring the secure execution of support activities)
- crisis prevention, detection, and management.

This policy is actively facilitated by the Top Management, which, since 2005, has strengthened the team dedicated to security in the Information Systems Department. This team performs security audits of the Group's subsidiaries, particularly the foreign subsidiaries.

The Cegedim Group's main pharmaceutical company clients have adopted the PDA (Parenteral Drug Association) standards, which incorporate strict requirements concerning the auditing and control of corporate information systems, (purpose of the COBIT standards, established by the Information Systems Audit and Control Association and the recommendations of COSO, the Committee Of Sponsoring Organizations).

The PDA audit guide has thus naturally been adopted by the Cegedim Group.

With the consolidation of Dendrite in 2007, the Group again reinforced the security of its IT system, benefiting from a worldwide infrastructure, with hosting and production capabilities on 5 continents.

- Control of operations management

Control of the Group's operations management covers four areas:

- the annual budget development process
- monthly "management" reporting and presentation of annual forecasts
- quarterly "business" reporting
- the ad hoc inspection assignments performed at the Group's departments and subsidiaries.

These procedures concern all of the Group's departments and subsidiaries. Furthermore, when new acquisitions are made, a standardized integration process ensures that the information necessary for management and management control in accordance with the current standards is reported as quickly as possible.

- The annual budget preparation process

Each year, the Activity Directors present to the Top Management the annual budget for the activities placed under their responsibility. To prepare these budgets, Management Control is responsible for providing all assistance necessary to the operational managers and for guiding their work in order to ensure overall consistency and to record the key assumptions in order to track them during the year.

- Monthly “management” reporting and presentation of annual forecasts

Management Control is responsible for preparing the monthly reporting for all of the Group’s subsidiaries, including their annual forecasts and their budget tracking. Routinely presented to the Group’s General Management, this reporting makes it possible to identify the basic performance trends for each entity and to chart any corrective measures to be taken.

- Quarterly “business” reporting

Every quarter, each Activities Director is responsible for providing the Top Management with information concerning the management activities relative to the scope of activities for which he is responsible. This reporting concerns the commercial activity, products and services, personnel, organization, and capital expenditure. Its essential purpose is to identify the risks that could affect the Group’s earnings in each of these areas. The cross-company nature of this “business” reporting helps identify market risks and the status of competition, identify growth opportunities (external growth, strategic directions of growth), and strengthen synergies within the Group.

- Ad hoc inspections

Inspections decided by the General Management are conducted routinely. Other control bodies help to determine the selection and content of these inspections and are generally involved in facilitating their execution. The scope of these inspections covers all areas relating to internal control.

- 2010 Objectives

- Continue the optimization of internal procedures by acting on the conclusions of the Operational Excellence Unit;
- Optimize reporting after having implemented integrated and uniform financial management tools within the Group, ensuring a secure, systematic, and consistent flow of information to serve both management needs and statutory or consolidated accounting needs;
- Continuation of the research and development department optimization;
- Application of AFEP MEDEF recommendations in accordance with the agreement signed on October 28, 2009, between Mr. Jean-Claude Labrune, FCB and the FSI and approved on November 5, 2009, by the Company.

Drawn up in Boulogne-Billancourt on April 12, 2010.

Jean-Claude Labrune
Chairman & CEO
Cegedim S.A.



26.3.4 Auditors' report prepared pursuant to article L. 225-235 of the Code of Commerce, on the report from the Chairman of the Cegedim's Board of Directors concerning the internal control procedures related to developing and handling accounting and financial information

Fiscal year ended December 31, 2009.

To the shareholders,

As Auditors of Cegedim and pursuant to the provisions of article L. 225-235 of the Code of Commerce, we present to you our report on the report prepared by the Chairman of your Board of Directors in accordance with the provisions of article L. 225-37 of the Code of Commerce for the fiscal year ended December 31, 2009.

It is the chairman's responsibility to prepare and submit for approval from the Board of Directors a report on the internal control and risk management procedures put into place within the company, also providing the other information required by Article L. 225-37 of the Code of Commerce, particularly with regard to the legislation on corporate governance.

It is our responsibility to:

- Inform you of any comments that we may have concerning the information contained in the chairman's report concerning the internal control procedures related to developing and handling accounting and financial information, and
- Certify that the report includes the other information required by Article L. 225-37 of the Code of Commerce, with the understanding that it is not our responsibility to verify the truthfulness of this other information.

We performed our work in accordance with professional standards applicable in France.

Information regarding the internal control procedures and the risks management related to developing and handling accounting and financial information:

The professional standards require us to take all appropriate measures to assess the reliability of the information concerning the internal control procedures related to developing and handling accounting and financial information contained in the chairman's report. In particular, these measures involve:

- Examining the internal control procedures related to developing and handling the accounting and financial information underlying the information presented in the chairman's report as well as the existing documentation;
- Examining the work done to prepare this information and the existing documentation;
- Determining whether any major deficiencies in the internal controls related to developing and handling accounting and financial information that we noted during the course of our audit are appropriately disclosed in the chairman's report.

Based on this work, we have no comments to make about information pertaining to the Company's internal control procedures related to developing and handling the accounting and financial information contained in the report by the chairman of the Board of Directors prepared pursuant to the provisions of article L. 225-37 of the Code of Commerce.

Other information:

We certify that the report by the chairman of the Board of Directors includes the other information required in Article L. 225-37 of the Code of Commerce.

Paris and Courbevoie, April 23, 2010

The Statutory Auditors

GRANT THORNTON - GRANT THORNTON INTERNATIONAL
MAZARS

MICHEL COHEN
JEAN-PAUL STEVENARD